

**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

April 5, 2005

The Honorable Linda W. Cropp  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, NW, Suite 504  
Washington, DC 20004

Dear Chairman Cropp:

As requested in the Private or Alternative Stadium Financing and Cost Trigger Emergency Act of 2004, the Office of the Chief Financial Officer (OCFO) reviewed and evaluated the eight alternative financing plans submitted to my office on or before January 18, 2005. On March 14, 2005, I certified the plans submitted by Deutsche Bank and The Gates Group as alternative vehicles for financing the construction of the new baseball stadium.

On March 15, 2005, the Council requested that I provide a recommendation on what financing alternative is best for the District. In undertaking this task, I examined the following scenarios:

1. District General Obligation Bond Issuance
2. District Revenue Bond Issuance
3. Partial District Revenue Bond Issuance/\$100 million from The Gates Group
4. Partial District Revenue Bond Issuance/\$246 million from Deutsche Bank

To determine what is "best" for the District, I evaluated these four alternatives according to the following criteria:

- What is the cost of capital to the District?
- What is the impact on future borrowing for the District?
- What is the effect on the Ballpark Fee? (the tax levied on District businesses with gross receipts exceeding \$5 million)

Based on these criteria, I have determined that the best financing plan for the District is to utilize \$246 million from Deutsche Bank and to issue District revenue bonds backed by the utility tax and a portion of the Ballpark Fee. This plan is the best financial option for the following reasons:

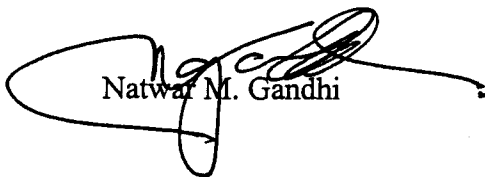
- The District needs \$224 million less in revenue bond proceeds.
- Utilizing revenue bonds rather than General Obligation bonds will preserve the District's ability to issue GO bonds for future needs and can help the District maintain a low cost of capital in the future.
- This plan allows the Ballpark Fee to be reduced from \$14 million annually to approximately \$8 million annually.
- The remaining \$6 million would only need to be collected in the first ten years, in order to create a reserve fund; thereafter, the \$6 million would be necessary only if revenues fall short.

Although I have not recommended the plan provided by The Gates Group as the best financing option for the District, I recognize that The Gates Group plan could provide the stadium with additional parking, which could help to mitigate potential parking issues in the neighborhood surrounding the stadium. The Mayor and the Council may choose to consider this plan as the process moves forward.

I would also like to reiterate that the stadium could provide an excellent economic development opportunity in the near Southeast community. Some of the plans that were not certified could provide a vehicle for the District to accelerate the economic development of this area. The Mayor and the Council may also choose to consider these plans as the development process moves forward.

Please feel free to contact me at (202) 727-0065 if you have any questions.

Sincerely,

  
Natwar M. Gandhi

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